

## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

**Date Issued:** March 23, 2007

**IBA Report Number:** 07-39

**Audit Committee Agenda Date:** March 26, 2007

**Item Number:** 4

**City Council Agenda Date:** March 27, 2007

**Item Number:** 334

**Subject:** City Council Mid-Year Request for Independent Legislative Audit Analyst and Audit Committee Consultant

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On several occasions over the past several weeks, at both Audit Committee and Budget and Finance Committee, the need for establishing a senior level audit analyst/advisor for the City Council has been discussed. During these discussions, this position has been described as separate from, and in addition to, the traditional Committee Consultant position which provides legislative and administrative support directly to the Chair of the Committee. During the Council discussion of mid-year budget adjustments on Monday, March 19, 2007, the Council requested the Mayor's Office to identify funding for the remainder of the year to enable the Council to establish these two positions as soon as practicable.

### AUDIT COMMITTEE CONSULTANT

Estimated Salary for May/June 2007 \$12,500

Estimate Salary for FY 2008 \$75,000

On January 29, 2007, the Audit Committee unanimously accepted Councilmember Faulconer's recommendation to refer this item for funding to the Budget and Finance Committee in February for discussion with other mid-year budget adjustments. This Committee action was based on the attached January 29, 2007 memo from Committee Chair Faulconer, "Audit Committee Consultant Qualifications."

At the February 28, 2007 Budget Committee meeting, the CFO noted that specific funding adjustments were not identified for this position as it was contemplated that salary savings from other position vacancies could be used to fund this position for the remainder of the fiscal year.

As noted earlier, this position that will provide legislative and administrative support directly to the Chair of the Committee as is the case with other Council committees. This position also serves a valuable liaison role regarding Audit Committee agenda items and other matters between the Chair of the Audit Committee, other City Council offices, the Mayor's Office, the Independent Budget Analyst, City departments, interested citizens and external agencies.

**INDEPENDENT LEGISLATIVE AUDIT ANALYST**  
Estimated Salary for May/June 2007 \$25,000  
Estimated Salary for FY 2008 \$150,000

This senior level position is being proposed in response to discussions and requests by members of the Audit Committee and the recent Council request to the Mayor's Office to identify funding as part of the mid-year budget adjustments for a senior level position to provide audit expertise to the members of the Audit Committee and the Council as a whole. With increasing focus on the City's internal audit responsibilities and associated legislative matters, this legislative support is critical. The IBA Office has expended innumerable hours on this important activity since completion of the Kroll report and this work is only expected to accelerate.

While we feel we have provided strong support to the Council thus far, the Audit Committee and the City Council are in need of specific governmental auditing expertise and advice. Our Office could significantly benefit from this expertise as well. Since the duties of this position align well with the function of the Office of the IBA, it could be easily incorporated into this existing office if the Council desires, and report to the IBA. In addition to the routine work of the Audit Committee, numerous efforts are under way or pending where this expertise is required including:

- Assisting the Audit Committee and City Council with developing ballot language for the City Charter to achieve permanent Audit Committee and Auditor independence;
- Providing research and developing support documents for the Council and the Mayor's Charter Commission regarding Auditor and Audit Committee Charter matters;
- Assisting and advising the Council regarding recruitment and selection of a new Internal Auditor;
- Assisting and advising the Council regarding the establishment of the City's internal auditing function;
- Reviewing audit results and providing independent advice to the Audit Committee and City Council regarding these audits;
- Coordinating and advising the Audit Committee on the retention of outside auditors;
- Analyzing all audit-related legislative actions on the Council docket and advising the Council on these matters;
- Evaluating City procedures and fiscal practices for efficiency and effectiveness;

- Provide ongoing analysis and independent advice for Council regarding implementation of the Kroll remediations;
- Ongoing coordination and facilitation with City's SEC Independent Consultant on behalf of the City Council.

It is recommended that the person identified for this position have the following education and experience:

- Bachelor's Degree in accounting, finance, public administration
- Master's Degree highly desirable
- Professional certification such as a CPA or CIA
- Minimum seven years experience in local government internal auditing in a large, complex, urban environment, or with a County or State government
- Significant experience with governmental accounting standards, government generally accepted auditing standards and preparation of government annual financial statements and audits
- Strong verbal and written communication skills
- Demonstrated ability to work effectively with elected officials, city departments, external agencies and citizens

This memo is provided for Council consideration regarding staff support associated with the Audit Committee and all legislative audit-related activities. Depending upon the wishes of the Council, our Office is prepared to follow up immediately.

**[SIGNED]**

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Andrea Tevlin  
Independent Budget Analyst

Attachment